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7. POPULAR DISSATISFACTION IN SOVIET UNION CONTINUING

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Displays of "negative attitudes," particularly among Soviet students and intellectuals, continue, and there is increasing evidence in the Soviet press of the regime's dissatisfaction with the political orientation of the people.

The American embassy in Moscow reports that a Communist youth unit in Moscow University recently adopted a three point program calling for more equal distribution of income, "broader information" in the Soviet press, and publication of statistics on living standards in all countries. Probably as a result of this and other critical student meetings, the Moscow University newspaper noted that 200 students have already been expelled and it threatened a further crackdown against those who "display a petty-bourgeois ideological lack of discipline." Soviet press reports on 13 December indicate that dissatisfaction has also been voiced recently by students in Leningrad.

At a public meeting in Moscow on 11 December, the subject of wage disparity was raised again. The entire audience hooted when the speaker expressed doubts that such disparity exists and several people made disparaging remarks aimed obliquely at Khrushchev, hinting that he and others, and not Stalin alone, were responsible for the past failures in agriculture.

As a result of this reaction and perhaps presaging a tougher line on ideology at the forthcoming central committee plenum, the Soviet central press as well as papers in Leningrad and in the Lithuanian and Belorussian republics have stepped up their propaganda attack against ideological deviation.

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8. THE SITUATION IN POLAND

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Ambassador Jacobs in Warsaw believes that the uneasy state of public order in Poland will continue. The population, especially the youth, is predisposed to such activity by the years of Communist misrule followed by the sudden easing of controls. The ambassador cautions, however, against accepting all of the reports in the Western press of disorders.

The regime is attributing these outbreaks to "hooligans" in order to play down their anti-Soviet character. The government is particularly concerned about the possibility of attempts to sabotage rail lines used by Soviet troops lest the USSR seize on such acts as a pretext for intervention.

These unsettled conditions reportedly are being further aggravated by the sharp reductions the regime is making in the size of the Communist party bureaucracy. Several thousand dismissed party officials and workers are reported making common cause with the pro-Soviet elements in the party who oppose the new leaders.

While Gomulka probably can override this opposition as long as he retains strong popular support, he believes that he has only a four- to six-month period of grace in which to produce economic improvements.

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There is a growing feeling in official Warsaw circles that the USSR, in order to create an opportunity for reimposing Soviet controls, will not give Poland needed economic assistance.

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9. STRENGTH OF HUNGARIAN REGIME MAY BE GROWING

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The Hungarian regime has made some progress in weathering the storm aroused by its inauguration on 9 December of a program of severe repression and may have improved its prospects for imposing political and economic order. Although still faced with major obstacles, the regime apparently has recently been able to reduce passive resistance and outbursts of violence.

Because of sit-down strikes and growing shortages of fuel and power, productive work has in many cases not been resumed, but most workers now appear to have returned to their factories. Mass demonstrations in the cities and armed conflicts in the countryside appear to have passed their peak, in large part because of measures taken by the regime. The situation resembles, in many respects, the period which preceded the 9 December decrees--partial strikes, passive hostility and economic disorganization. It differs significantly to the extent that the workers now find themselves without leaders who can negotiate with the regime. The individual factory workers' councils have not been able to assume the political role formerly exercised by the recently outlawed district workers' councils. Unity of action by divers groups of workers and other forces appears to have been hamstrung by the regime's oppressive tactics.

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10. MILITARY AGREEMENT WITH BRAZIL FACES
NEW THREAT

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President Kubitschek--while promising action "within a few days" on one aspect of Washington's request for a missile-tracking base and other military facilities in Brazil--has also spoken of the probability of "interminable" delays should his cabinet decide the matter must go before the Brazilian congress. Early in the already protracted negotiations, Foreign

Ministry officials cautioned that nationalist concern over the "sovereignty" issue would prevent congressional approval.

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Public demand for congressional hearings was mounted during the past ten days following a series of press leaks on the supposedly secret negotiations. Kubitschek now appears extremely fearful of proceeding with an executive agreement in the face of continued nationalist attack unless he has the unqualified support of his cabinet and his congressional leaders. He told the American ambassador on 13 December that his National Security Council and various legal advisers have questioned the constitutionality of an executive agreement.

The Foreign Ministry this week started press briefings in an attempt to portray the talks as a potential diplomatic success for Brazil. Successful conclusion of an agreement, however, will still severely tax President Kubitschek's personal courage and political leadership.